(b) if so, what steps Governments are considering to take up to stop the further deterioration of the sector; and

(c) whether Government propose to sanction the soft loans for strengthening these banks (through DI and CGCI)?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) and (b) Reserve bank of India (RBI) has reported that the urban co-operative banking sector is passing through a turbulent phase. RBI is reportedly closely watching the developments in the sector and is taking necessary steps to strengthen the system of regulation and supervision of these banks. These include, putting ceiling on operations in call money market and bank finance against shares and debentures, increase in percentage of SLR investments in Government Securities, restrictions on interest rates on deposits offered by UCBs and investment of funds as deposit with other UCBs, introduction of revised entry point norms while setting up new UCBs, reduction of credit exposure, constitution of audit Committee of Board of Directors to review the internal audit reports, introduction of electronic data processing (EDP) audit system, introduction of capital adequacy norms in a phased manner, introduction of a system of Off-site Surveillance, modification of norms for indentifying weak UCBs, introduction of a system of supervisory rating under the CAMELS model, etc.

(c) No, Sir. RBI Act, 1934 and the Deposit Insurance and Credit Guarantee Corporation Act, do not provide for granting soft loans to any bank.

Amendment of Secrecy law in Banks

†2675. SHRI KAPIL SIBAL:

SHRI LAJPAT RAI:

W)l the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government have decided to amend the laws relating io secrecy in the banks to make them transparent;

† Original notice of the question was received in Hindi.

(b) if so, the details thereof; and

(c) by when Government propose to bring the above amendments?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) No, Sir.

(b) and (c) Do not arise.

Cut in interest rates on refunds

2676. SHRI RAJU PARMAR:
SHRI BHAGATRAM MANHAR:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) wehther Government have decided to slash the interest rates on refunds to companies and inviduals against advanced taxes;

(b) if so, the details thereof;

(c) whether Government aware that refund orders are generally delayed by the income tax authorities; and

(d) if so, what steps Government propose to take so as to ensure the timely payment of refund orders to companies and individuals?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) The rate of interest paid by the Income-tax Department under section 244A of the Income-tax Act to the assessees on account of delay in issue of refund is varied from time to time so as to be in tune with rate of interest prevailing in the market.

(b) Finance Act 2002 has reduced the rate of interest from three-fourth percent per month to two-third percent per month with effect from 1.6.2002. This is comparable to rate of interest available in the market.

(c) No instances of delay in issue of refund orders beyond statutory time limit have come to the notice of the Government.